

**MINUTES OF THE
REVENUE AND TAXATION INTERIM COMMITTEE**
Wednesday, September 15, 2010 – 9:00 a.m. – Room 445 State Capitol

Members Present:

Sen. J. Stuart Adams, Senate Chair
Rep. Todd E. Kiser, House Chair
Sen. Curtis S. Bramble
Sen. Wayne L. Niederhauser
Sen. Ross I. Romero
Sen. Howard A. Stephenson
Sen. John L. Valentine
Rep. Joel K. Briscoe
Rep. Tim M. Cosgrove
Rep. John Dougall
Rep. Susan Duckworth
Rep. Gage Froerer
Rep. Francis D. Gibson
Rep. Wayne A. Harper
Rep. Carol Spackman Moss
Rep. Stephen E. Sandstrom
Rep. Dean Sanpei
Rep. Evan J. Vickers
Rep. R. Curt Webb

Members Absent:

Rep. Gregory H. Hughes

Staff Present:

Mr. Phillip V. Dean, Policy Analyst
Mr. Bryant R. Howe, Assistant Director
Mr. Robert H. Rees, Associate General Counsel
Ms. Rebecca L. Rockwell, Associate General Counsel
Ms. Chelsea Barrett, Legislative Secretary

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Committee Business

Chair Kiser called the meeting to order at 9:18 a.m.

MOTION: Rep. Webb moved to approve the minutes of the August 18, 2010 meeting. The motion passed unanimously. Sen. Niederhauser, Sen. Romero, and Rep. Dougall were absent for the vote.

2. Impacts of Sales and Use Tax Exemption for Certain Mining Equipment

Sen. David Hinkins, Rep. Christine Watkins, and Mayor Ben Blackburn, Wellington City, presented and distributed "Loss of Sales Tax Income Due to Mining Tax Exemption." They encouraged the Committee to consider the effects of a \$166,000 annual reduction in sales and use taxes in Wellington City and to support future draft legislation to change a Community Impact Board loan to a grant.

The Committee discussed the information and agreed to review the draft legislation at a future meeting.

Mr. Todd Bingham, Utah Mining Association, explained that the Utah Mining Association has not been contacted by representatives of Wellington City regarding the issue since the June interim meeting.

3. Property Tax

Mr. Dean distributed and presented "Historical Property Tax Trends," "Briefing Paper - A History of Property Tax in Utah," and "Comparative Property Effective Tax Rates and National Rank for Selected Value and Types of Property: Salt Lake City and Richfield, Utah." He discussed property tax rates and revenues in Utah. Mr. Dean explained that property tax revenues have increased somewhat in recent years, unlike individual income and sales revenues, which have declined.

Mr. Arthur Partridge, Assessor, Washington County, explained the progress of the multi-county Computer Assisted Mass Appraisal (CAMA) system. He distributed "CAMA Implementation Schedule" and explained that the law does not require certain counties to use the statewide system.

Mr. Denny Lytle, Property Tax Division, Utah State Tax Commission (Tax Commission), updated the Committee on the Tax Commission's tools for oversight of local assessment. He explained that resources are available for assessors to improve skills and that implementation of a statewide CAMA system would improve the Commission's ability to oversee local assessment.

Mr. Rees distributed "Effect of H.B. 259, Property Tax Amendments on Property Tax Notice Requirements." He explained the changes to property tax notice in 2010 General Session H.B. 259, "Property Tax Amendments." He also distributed "Interest Rates Applicable to Property Tax Payments" and spoke on interest rates paid by delinquent taxpayers and paid to taxpayers receiving a property tax refund.

4. Use of Tax Revenues for Public School Funding

Sen. Adams distributed and presented 2011 General Session draft legislation, "Education Funding Amendments" (2011FL-0267/003). Sen. Adams reviewed two equalization options. He also presented "Sen. Adams Equalization Proposal - Chart," which further explained his proposal. He explained that the draft legislation attempts to shift the tax source from property tax to sales tax, which creates greater tax equalization without changing expenditures among school districts and charter schools. He indicated a willingness to further refine his proposal based on committee feedback.

The Committee discussed the draft legislation.

Mr. Art Sutherland, Coalition of Religious Communities, recommended that the Committee remember the proposal's impact on low-income individuals.

Mr. Kory Holdaway, Utah Education Association, expressed concern regarding the use of sales tax in place of property tax.

5. Taxation of Refined Petroleum Products & Refineries

Sen. Adams discussed various issues with the fuel taxes in Utah and expressed interest in becoming more competitive with national gas prices. He distributed and explained "Lowering Utah's Motor Fuel Prices by Realigning the Gas Tax."

Sen. Valetine and Sen. Stephenson expressed concern with Utah refineries being affected by the proposal.

Sen. Stephenson noted his concern with Utah refiners becoming less competitive. He inquired what could be done to improve Utah's attractiveness for refiners and questioned what was impeding growth in this area.

Sen. Romero expressed concerns with taxing refineries so that they become noncompetitive with other states and also mentioned the need for efforts to better educate the public on petroleum markets.

The Committee discussed the presentation.

Mr. Lee Peacock, President, Utah Petroleum Association, explained that petroleum is a commodity with price regulated by supply and demand. He explained that the Utah Petroleum Association encourages the Committee to consider employment and other factors.

6. Other Items / Adjourn

Sen. Stephenson distributed and explained "Utah School District Comparison 2008-2009." He explained the document was prepared by the Utah Taxpayers Association and it explains the variations between school districts in spending per student.

MOTION: Rep. Webb moved to adjourn the meeting. The motion passed unanimously. Sen. Bramble, Sen. Niederhauser, Rep. Dougall, Rep. Froerer, Rep. Sandstrom, Rep. Sanpei, and Rep. Vickers were absent for the vote.

Chair Kiser adjourned the meeting at 12:03 p.m.